7 Arrested in Spy Plot

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SAN JOSE, Calif., June 29 (UPI)—A multi-million dollar industrial espionage plot against IBM corporation in which computer parts allegedly were stolen and manufactured by competing firms was disclosed Friday with the arrest of seven persons.

Warrants were issued for four other persons and for searches in the plants of five other companies in the computer business.

Santa Clara District Attorney Louis Bergna and San Jose Police Chief Robert Murphy disclosed the arrests.

The two officials said the conspiracy to steal IBM computer secrets dated back to the late 1960s. It was uncovered in a four-month investigation which extended throughout the United States.

The stolen technology involved IBM's "Merlin" computer storage device manufactured at its plant in San Jose. The device comprises the data storage portion of many IBM computer systems.

The search warrants issued in connection with Friday's arrests covered plants of K and K Manufacturing, Inc., of Campbell, Calif., near San Jose; the Sigma Technology Co., Phoenix, Ariz.; Computer Disc Mastertape, Torrance, Calif.; Forro Precision, Inc., Woodland Hills, Calif.; and International Management Systems, Irvine, Calif.

One of the persons arrested at the IBM plant was Ramon Serrata, 46, an IBM engineer. He was charged with four counts of conspiracy, three of trade secret theft, two of accepting an inducement and one of receiving stolen property.

Others picked up on similar charges were Adolf Jarmann, 52, Los Gatos, Calif., employed by K and K Manufacturing; Phillip J. Steckel, 53, of Santa Clara, Calif., a former IBM buyer, now retired; Phillip Kronzer, 39, of Los Gatos, vice president of K and K.

Also arrested were two draftsmen, David H. Bunch, 42, of San Jose, and Brunhilda Macnevin, 39, of Campbell, and Thomas A. Finnegan, 27, of San Jose, formerly employed by Memorex Co.

A warrant was issued for Wesley G. Powers, 50, president of the now defunct Memory Magnetics International Co. of Torrance, Calif.

Also sought is Wolfgang Arnold, 41, of Palos Verdes, Calif. Police said he was major stockholder of the Computer Disc Mastertape.

The conspiracy enabled IBM's competitors to produce disc memory systems "identical" to those of IBM, according to officials.

"Merlin" is the name used to describe the IBM 3330 direct access storage system, a peripheral part of the company's 370 computer system.

Police said the investigation was carried on by IBM security officials, local police and law enforcement agencies in several states.